

UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

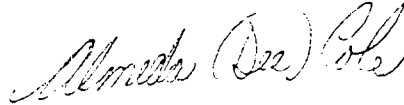
Notice FC-117

1910-A

For: State and County Offices

Creditworthiness Determinations

Approved by: Acting Deputy Administrator, Farm Loan Programs



1 Overview

A

Background

The Department of Agriculture Reorganization Act of 1994 repealed the statutory provisions mandating FSA to specifically consider an applicant's:

- character, industry, and ability to carry out the proposed operation
- honesty in endeavoring to carry out obligations associated with the loan.

Creditworthiness, however, must still be considered under FmHA Instruction 1910-A, section 1910.5.

B

Purpose

This notice provides guidance on the application of the creditworthiness provisions under FmHA Instruction 1910-A, section 1910.5.

Disposal Date

April 1, 1998

Distribution

State Offices; State Offices relay to County Offices

5-15-97

Notice FC-117

2 Actions (Continued)

B **Determining** **Creditworthiness** **(Continued)**

- agency delinquencies that were resolved by debt restructuring
- nonpayment of a debt because of circumstances beyond the applicant's control.

Note: Any applicant, including individual members of an entity, who has received debt forgiveness resulting in a loss to the Government, is ineligible for assistance.

Exception: When a direct or guaranteed writedown was received, in which case the applicant and any entity members may be considered eligible for annual operating loans only.

C **Examples of** **Circumstances** **Beyond** **Applicant's** **Control**

Some circumstances that are temporary and beyond an applicant's control are as follows:

- job loss
 - loss of benefits or other income
 - increase of living expenses because of illness, injury, or death.
-

D **Contact**

Direct questions regarding this notice to Kathleen Miller, LMD, through the Area Office.
